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SUBJECT: ZAGREB WEEKLY ACTIVITY REPORT - JUNE 12, 2009

11. (SBU) OPPOSITION LEADERS SPAR OVER INFLUENCE IN ZAGREB CITY GOVERNMENT:

Newly re-elected Zagreb Mayor Milan Bandic seems to have relented to pressure from his Social Democratic Party (SDP) chief, Zoran Milanovic, to accept SDP MP and city councilman Boris Sprem as the head of Zagreb City Council. The decision is part of an effort by the SDP HQ to gain more influence over how the city of Zagreb, and its lucrative holding company, are run. Sprem, a former chief of staff to President Mesic and close associate of Milanovic, is expected to provide closer oversight of Bandic's fourth term in office, including transparency and project management concerns, particularly at Zagreb Holding Company, whose governing Board currently consists of just one member -- Bandic himself. While SDP HQ appears to have succeeded in getting its way this time, Bandic remains a popular, if controversial, figure with a strong political base, and rumored ambitions for higher office. Denied a prominent role in the negotiations between Bandic and Milanovic was the SDP's leading partner, the liberal Croatian People's Party (HNS). HNS had hoped to secure the city council chairman position, and be able to lead the oversight of Bandic. Milanovic's insistence that one of his associates take the spot makes it likely that relations between the SDP and HNS will remain strained as we head toward presidential elections at the end of 2009. (DMeges)

12. (U) EC WORKSHOP STUDIES COUNTERFEIT GOODS IN CROATIA:

The European Commission to the Republic of Croatia organized a three-day workshop as part of its study on "Violations of IPR and Transnational Organized Crime in Croatia." The study's aim is to establish whether counterfeit goods, which are a danger to public health, are available in Croatia; to establish whether organized crime is involved in intellectual property infringements in Croatia; and to review how the response to intellectual property crime can be improved in Croatia. Representatives from U.S. firms Lilly, Pfizer, Nike and Microsoft spoke at the workshop, which was attended by Croatian Government institutions, Croatian right holders, European Commission representatives, European Governments and other international right holders. As an ongoing initiative to increase IPR awareness and enforcement for U.S. firms in Croatia, Embassy officials attended the workshop. DOJ's ICITAP representative in Croatia subsequently briefed AmCham's Intellectual Property Right Committee on the subject. (PWARD)

13. (U) FARMERS PROTEST TO DEMAND HIGHER PRICE FLOORS AND TIMELY SUBSIDY PAYMENTS:

A number of farmers' associations demonstrated in front of the Ministry of Agriculture on June 10-11 to present demands on milk and grain prices, overdue subsidy payments and other issues. Farmers from across Croatia drove their tractors to Zagreb, blocked the main road in front of the ministry, and

demanded a meeting with the government. Although farmers have staged similar demonstrations each spring or fall for the past several years, this occasion drew more participants, with about 260 tractors and a wider range of demands. According to press reports, Deputy Prime Minister Jadranka Kosor told the farmers on June 11 that an agreement on the milk buy-off price was reached and overdue subsidies would be paid soon. In order to help dairy farmers, the government announced it would also issue a ban on dairy imports for three months. (NOTE: Post is pursuing details of the proposed import ban, and how it could be consistent with Croatia's WTO and EU obligations. END NOTE.) Deputy Prime Minister Damir Polancec claimed 80 percent of the farmers' demands were met, adding that the government will also negotiate with banks to introduce a moratorium on loan repayments. Crop farmers, however, were not pleased that government actions dealt principally with dairy concerns, and that no agreement was reached dealing with crop prices. Some media report that negotiations will continue next week regarding the crop farmers' demands. (DMatijas)

BRADTKE